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FISCAL IMPACT STATEMENT

LS 6760

BILL NUMBER: HB 1192

NOTE PREPARED: Jan 1, 2008

BILL AMENDED:

SUBJECT: Restrictions on Tax Increment Financing.

FIRST AUTHOR: Rep. Simms

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill prohibits the inclusion of certain health-related facilities in tax allocation areas established after June 30, 2008.

Effective Date: July 1, 2008.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, the assessed value in a tax increment finance (TIF) area that exceeds the base AV is allocated to, and the resulting property taxes captured by, the redevelopment commission. The base AV equals the net AV in the TIF area before it became a TIF area PLUS the value of residential property that was added after the TIF was established.

Under this proposal, real property would not be included in the allocation area established after June 30, 2008, if it is real property that consists of :

1. A hospital;
2. A health facility;
3. A hospital or institution that specializes in mental illness or developmental disabilities;
4. A physician's office or complex of offices;
5. A convalescent home, boarding home, or home for the aged; or

6. A parking garage that provides parking for the above properties.

The AV of these properties would not be allocated to the TIF and would, instead, expand the regular tax base. Increasing the tax base reduces the tax rate that all taxpayers pay and increases the tax generated in rate-controlled funds. This bill would reduce the tax burden for all taxpayers. The revenue generated by the TIF allocation would not increase when these properties are built.

State Agencies Affected:

Local Agencies Affected: Local redevelopment commissions; Local civil taxing units and school corporations in TIF areas.

Information Sources:

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